

## Message Text

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INFO AMEMBASSY BANGKOK

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AMEMBASSY MOSCOW

AMEMBASSY PARIS

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C O N F I D E N T I A L SECTION 1 OF 2 TOKYO 2733

E.O. 11652: XGDS-1

TAGS: PINT, VS, JA

SUBJ: JAPANESE IMPRESSIONS/ COMMENTS ON SOUTH VIETNAM

REF: BANGKOK 2084

SUMMARY: JAPAN'S FORMER CHARGE IN SAIGON, KOJI WATANABE, OUTLINED FOR US FOUR PRIMARY PROBLEM AREAS WITH WHICH HANOI MUST DEAL TO CONSOLIDATE ITS CONTROL OF SVN:

A) DISPARITIES BETWEEN THE RELATIVELY AFFLUENT, DEVELOPED SOUTH AND POOR UNDEVELOPED

NORTH: B) CONTRADICTIONS BETWEEN GOALS OF "PRODUCTION" AND "SOCIALIST CONSTRUCTION" IN SVN: C) RESENTMENT BY SOUTH VIETNAMESE TOWARD THEIR NORTHERN "LIBERATORS," REGARDED AS COLONIALISTS IN THEIR OWN LAND: D) HIGH UNEMPLOYMENT IN SVN AND RURAL RESETTLEMENT. THESE PROBLEMS ARE INTER-RELATED, LACED HEAVILY WITH POSSIBLY UNTOWARD POLITICAL IMPLICATIONS. HOWEVER, SHOULD HANOI FAIL, WATANABE WOULD

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PREDICT MALAISE RATHER THAN REVOLT. HE ALSO DISCOUNTS REPORTS OF CONTINUING ARMED RESISTENCE BY SUPPORTERS OF

THE FORMER REGIME. FINALLY, HE CONCLUDES THAT THE GREAT MAGNITUDE OF HANOI'S PROBLEMS WILL FORCE PREOCCUPATION WITH THEIR RESOLUTION WHICH SHOULD LEAVE LITTLE TIME FOR FOREIGN ADVENTURE. RECENT CONTACTS WITH FOREIGNERS BY SOUTH VIETNAMESE HAVE BEEN PRIMARILY WITH LARGE INFLUX OF VISITORS, MOSTLY RUSSIAN AND OTHER EAST EUROPEAN ASSISTANCE SURVEY MISSIONS. AID TO VN IN THE POSTWAR PERIOD, ACCORDING TO WATANABE'S HUNGARIAN COLLEAGUE, IS PLANNED AT LEVELS NO LESS THAN COMBINED MILITARY-ECONOMIC ASSISTANCE DURING THE WAR BUT FUTURE EMPHASIS SHOULD BE ON ECONOMIC SIDE. END SUMMARY.

1. THE GAP BETWEEN INDIGENT VICTORS AND ALLUENT LOSERS IN INDOCHINA POSES THE MAJOR PROBLEM HANOI FACES IN CONSOLIDATING ITS RULE IN SVN, ACCORDING TO KOJI WATANABE FORMER JAPANESE CHARGE IN SAIGON.

NORTH VIETNAMESE SOLDIERS SUFFERED CULTURE SHOCK WHEN THEY ENTERED SAIGON AND, CONTRARY TO PROPAGANDA FROM HANOI, THEY DISCOVERED THAT SVN WAS FAR RICHER AND MORE DEVELOPED THAN THE DRV. THIS SAME UNSETTLING IMPESSION HAS ALSO STRUCK THE MANY NORTH VIETNAMESE WHO HAVE TRAVELLED SOUTH SINCE LAST APRIL. COMULATIVE EFFECT IN WATANABE'S VIES, PUTS SERIOUS PRESSURE ON HANOI TO RECONSTRUCT BOTH VIETNAMS AND IN THE PROCESS MINIMIZE ECONOMIC DIFFERENCES IN NORTH AND SOUTH.

2. HANOI'S SECOND MAJOR DILEMMA IS ALSO ECONOMIC. THE FUNDAMENTAL DECISION REGARDING THE ECONOMIC SYSTEM IN THE SOUTH IS AT ISSUE. WATANABE BELIEVES THAT HANOI WILL OF NECESSITY ACQUIESCE FOR THE TIME BEING IN AN AT LEAST SEMI-CAPITALIST SYSTEM IN SAIGON AND THE MEKONG DELTA. AN ATTEMPT AT COLLECTIVIZATION WOULD BE DISASTROUS BOTH TO THE SOUTH'S ECONOMY (AND THEREFORE THE ECONOMY OF ALL VN), AND TO MORALE AMONG MEKONG PEASANTS. LAND REFORM UNDER THE FORMER GVN SUCCESSFULLY REDISTRIBUTED LAND TO THE TILLERS AND THE PEASANTS WERE SATISFIED. COLLECTIVIZATION WOULD WORK AT CROSS PURPOSES TO PRODUCTION REQUIREMENTS AND POPULAR ATTITUDES WHICH ARE ALREADY SKEPTICAL AT BEST TOWARD THE NEW REGIME. WATANABE NOTED THAT THE TWO  
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DOMINANT THEMES IN SVN NOW ARE "PRODUCTION" AND "BUILDING THE SOCIALIST STATE," BUT HE SUSPECTS THE LATTER WILL IN THE NEAR TERM BE PUSHED LESS STRINGENTLY THAN THE FORMER.

3. THE NORTH VIETNAMESE ARE IN EFFECT COLONIAL MASTERS OF THEIR SOUTHERN BROTHERS, WATANABE SAID, AS HE DESCRIBED A THIRD MAJOR PROBLEM AREA IN SVN. UNPREPARED FOR EARLY VICTORY, HANOI HAS HAD TO DESPATCH LARGE NUMBERS OF POLITICAL AND ADMINISTRATIVE CADRES TO THE SOUTH TO RUN THE

COUNTRY. WATANABE BELIEVES THAT NORTH VIETNAMESE WILL HOLD ALL KEY POSITIONS DOWN TO THE VILLAGE LEVEL THROUGHOUT SVN. ALTERNATIVELY, CONTROL COULD NOT BE MAINTAINED AMONG A POPULATION WHICH, HE SAID, DEEPLY RESENTS THE NORTHERN OCCUPATION OF THEIR LAND, WHETHER THE OCCUPIERS ARE BROTHERS OR NOT. MANY LOCAL CADRES HAVE OF COURSE SURFACED OR SWITCHED SIDES BUT ESSENTIAL POSITIONS WILL STILL REQUIRE NORTH VIETNAMESE PERSONNEL.

4. THE FOURTH MAJOR PROBLEM FACING HANOI IS UNEMPLOYMENT AND RURAL RESETTLEMENT. WATANABE ESTIMATED THAT THERE ARE ONE MILLION UNEMPLOYED CURRENTLY IN SAIGON. THEY INCLUDE THOSE WHO WORKED FOR US FORCES OR FOR FOREIGN FIRMS, BUT MOST ARE FORMER ARVN SOLDIERS. THE URGENCY OF THEIR PLIGHT IS MITIGATED TEMPORARILY BECAUSE VIETNAMESE TRADITIONALLY CARE FOR THEIR RELATIVES, BUT SUCH A SITUATION WILL BE POLITICALLY VOLATILE SHOULD IT PERSIST. MANY ARE ENGAGED IN INTERMEDIARY RESALE OF GOODS. (FOR EXAMPLE, A PACK OF CAPSTAN CIGARETTES SELLS FOR 47 DONG IN STATE STORES FOR GOVT/MILITARY PERSONNEL BUT AFTER CHANGING HANDS SEVERAL TIMES IT BECOMES AVAILABLE ON THE STREET FOR EIGHT TIMES THAT PRICE.) ABOUT 300,000 PERSONS HAVE ALREADY BEEN RESETTLED, TWO THIRDS IN NATIVE AREAS AND ONE THIRD IN NEW ECONOMIC AREAS, AS WATANABE RECALLED, IN TAY NINH, PHUOC LONG, LONG THANH PROVINCES. SAIGON'S MUNICIPAL REVOLUTIONARY COMMITTEE PLANS TO RESETTLE ANOTHER MILLION,

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ALL OF WHICH WOULD BRING SAIGON'S POPULATION DOWN TO A LITTLE OVER TWO MILLION. THE INFLUX INTO SAIGON OF LARGE NUMBERS OF NORTH VIETNAMESE SOLDIERS HAS EXACERBATED THE UNEMPLOYMENT PROBLEM AND THEIR AVARICE FOR GOODS AND PURCHASING POWER HAVE ADDED TO INFLATIONARY PRESSURES.

5. ECONOMIC AND RESETTLEMENT PROBLEMS ALL DOVETAIL. AUTHORITIES APPARENTLY ARE ATTEMPTING TO COERCE THE UNEMPLOYED INTO RURAL RESETTLEMENT BY INSISTING THAT A PERSON WHO APPEARS FOR FREE RATIONS THE THIRD TIME SHOULD CONSIDER RURAL RESETTLEMENT. THIS PRESSURE, WHICH WATANABE EXPECTS TO BECOME MORE SEVERE, HAS LED MANY UNEMPLOYED TO SEEK TWO ALLOTMENTS OF FREE RICE RATIONS. AFTERWARD THEY TURN BACK TO FAMILY SUPPORT, INTERMEDIARY TRADE, AND OTHER ILLEGAL ACTIVITIES FOR THEIR LIVELIHOOD. RESOLUTION OF THESE ECONOMIC-RESETTLEMENT ISSUES WILL BE DIFFICULT TO HANDLE, WATANABE CONCLUDED, AND THE POSSIBILITIES FOR DISAFFECTION WOULD APPEAR MYRIAD.  
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6. IF THE NORTH VIETNAMESE FAIL, WHAT MIGHT HAPPEN? WATANABE PREDICTS TWO POSSIBLE WAYS THE SITUATION COULD EVOLVE. HANOI MAY APPRECIATE THE FUNDAMENTAL UNPALATABILITY TO SOUTH VIETNAMESE OF SOME MAJOR POLICY UNDERTAKINGS, MODERATE CONTROLS, AND MOVE VERY SLOWLY TOWARD "SOCIALIZING" SVN. OTHERWISE, WATANABE WOULD NOT ANTICIPATE REVOLT IN SVN BUT HE WOULD EXPECT WIDESPREAD MALAISE. INEFFICIENCY WOULD MOUNT AND PRODUCTION WOULD FALL. ECONOMIC STAGNATION MIGHT ENSUE FOR YEARS. IN THIS CONNECTION, HE DISCOUNTED REPORTS OF CONTINUED ARMED RESISTANCE TO THE NEW REGIME. THE PURVEYORS OF THESE REPORTS, HE SAID, ARE USUALLY FORMER OFFICIALS AND INTELLECTUALS WHO ALSO CRITICIZED THE THIEU GOVT AND STILL SIP COFFEE IN SAIGON'S MANY NEW COFFEE HOUSES AND SNACK BARS. REPORTS OF RESISTANCE MAY BE LARGELY WISHFUL THINKING AMONG SUCH ELEMENTS. THE REVOLUTIONARY COMMITTEE SEEMS TO BANK ON "STARVATION TACTICS" TO EVENTUALLY BRING WHAT ARMED RESISTANCE CONTINUES TO AN END.

7. THE MOOD IN SAIGON, NOW REFERRED TO BY EVERYONE AS HO CHI MINH CITY, IS POIGNANT. AN OUTSIDE VISITOR EXPECTING

THE WORSE WOULD BE SURPRISED WITH THE SEEMING NORMALITY OF THE SITUATION, BUT SUPERFICIAL MANIFESTATIONS OF APRIL CHANGE ARE DECEPTIVE. THE MOOD OF LAST APRIL-MAY BORDERED ON DESPAIR, AS THOSE ASSOCIATED WITH THE FORMER REGIME FEARED A BLOOD-BATH AND THEIR OWN EXECUTION. THAT MOOD HAS GIVEN WAY TO RESIGNATION. FEW FORMER GVN OFFICIALS HAVE BEEN EXECUTED. MOST GOVT AND MILITARY OFFICIALS WERE SENT TO "RE-EDUCATION" CAMPS FOR "ONE MONTH" OR "THREE WEEKS." ALTHOUGH STILL AT THE CAMPS NOW SEVERAL MONTHS LATER, THEY HAVE NEVERTHELESS NOT BEEN EXECUTED, AND A FEW HAVE RECENTLY BEEN RELEASED. BUT, THE RELATIVELY UNRESTRICTIVE GOVERNANCE THUS FAR AND CONTINUING RELATIVE AFFLUENCE OF SAIGON IN THIS PERIOD ARE THOUGHT TO BE ONLY AN INTERIM PRELUDE TO THE INEVITABLY GRIM AND DIFFICULT LIFE MOST WILL HAVE TO ENDURE IN THE FUTURE. FOR MANY THIS WILL MEAN HARD LIVES IN RURAL COMMUNITIES AS WORKERS AND FARMERS, A LIFE SAIGON'S BOURGEOISIE THOUGHT THEY HAD ESCAPED PERMANENTLY. BUT, IN CONTRAST TO LAST APRIL, MOST PEOPLE NOW HAVE CONCLUDED THAT THEY WILL IN FACT ENDURE.

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8. HAVING OUTLINED THE MAJOR PROBLEM AREAS FOR HANOI IN THE NEW VIETNAM, WATANABE CONCLUDES, ALBEIT CIRCUMSTANTIALLY, ONLY, THAT HANOI'S TASKS ARE OF SUCH A MAGNITUDE THAT FOR THE FORESEEABLE FUTURE THE DRV WILL BE PREOCCUPIED WITH RESETTLEMENT IN THE SOUTH, RESTRUCTURING THE SOUTHERN ECONOMY TO GUARANTEE PRODUCTION, AND AT LEAST TRYING TO EQUALIZE ECONOMIC CONDITIONS IN THE NORTH WITH THE SOUTH. FACED WITH THESE MAMMOTH REQUIREMENTS, LITTLE TIME SHOULD REMAIN FOR FOREIGN ADVENTURE.

9. AS FOR SAIGON'S FOREIGN RELATIONS, REPRESENTATIVES OF FRANCE, BELGIUM, POLAND, HUNGARY, (BOTH FORMER ICCS REPS), THE VATICAN AND JAPAN REMAIN IN SAIGON, NOT OF COURSE AS EMBASSIES. BUT THE NEW PRESENCE IS EAST EUROPEAN, FOREMOST THE RUSSIANS WHO FILL THE MAGESTIC AND CARAVELLE HOTELS. THEIR EAST EUROPEAN COLLEAGUES, ESPECIALLY EAST GERMANS, ARE ALSO CONSPICUOUS, IN DELEGATIONS WHICH STREAM IN FROM HANOI. WATANABE ASSUMES THAT MOST ARE RECONSTRUCTION/ECONOMIC ASSISTANCE SURVEY MISSIONS. WATANABE'S HUNGARIAN COLLEAGUE IN SAIGON TOLD HIM THAT COMECON HAD DECIDED TO MAINTAIN AID TO VN AT LEVELS NO LOWER THAN PREVIOUS AID TOTALS BUT NOW MOST WILL PRESUMABLY BE ECONOMIC RATHER THAN MILITARY. WATANABE TOOK A LAST TOUR OF THE SAIGON HARBOR IN A FERRY JUST BEFORE LEAVING AND OF ELEVEN SHIPS IN THE HARBOR, THREE WERE VIETNAMESE, THREE WEST EUROPEAN (FRANCE AND SWEDEN) AND FULLY SIX WERE FROM SOVIET BLOCK COUNTRIES. IN CONTRAST, PEKING REPS OR

SHIPS ARE NOT EVIDENT. IN PAST MONTHS HE SAW ONLY ONE CHINESE STUDENT DELEGATION VISITING SAIGON FROM SOUTH CHINA. WATANABE COMMENTED THAT MOSCOW SEEMS FAR BETTER PREPARED TO MOVE ITSELF AND ITS ALLIES QUICKLY AND EFFICIENTLY TO FILL A VACUUM. THE CHINESE SEEM TO HAVE NO SUCH COMPREHENSIVE CAPABILITY.

10. COMMENT: WATANABE IS AN ARTICULATE AND IT SEEMS AS IF HE APPEARS TO US AS A PERCEPTIVE OBSERVER AND ANALYST OF THE DIFFICULTIES FACING HANOI IN ESTABLISHING ITS RULE OVER SVN. DESPITE THEIR MAGNITUDE, WE ARE LESS CONFIDENT THAT THESE PRIORITIES WILL ALSO INHIBIT THEIR MEDDLING IN THEIR AFFAIRS.  
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NEIGHBORS' INSURGENCIES. WE MIGHT ALSO ADD THAT PENALTIES OF MISMANAGEMENT MAY BE MORE THAN THE MALAISE THAT WATANABE PROJECTS.  
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